



Milwaukee County

Employees' Retirement System
of Milwaukee County
Monthly Update
September 30, 2012

Total Fund Composite

Manager Status

Market Value: \$1,749.9 Million and 100.0% of Fund

Investment Manager	Asset Class	Status	Reason
J.P. Morgan	Core Fixed Income	In Compliance	---
Mellon Capital	Core Fixed Income	In Compliance	---
Boston Partners	Large-Cap Value	In Compliance	---
Mellon Capital	Large-Cap Core	In Compliance	---
Artisan Partners	Mid-Cap Growth	In Compliance	---
Geneva Capital	Mid-Cap Growth	In Compliance	---
AQR	Small-Cap Value	Alert	Performance
Fiduciary Management	Small-Cap Value	In Compliance	---
NTGI ACWI Ex-US	Non-U.S. All-Cap Core	In Compliance	---
Barings	Non-U.S. Large-Cap Core	In Compliance	---
GMO Small-Cap	Non-U.S. Small-Cap Value	In Compliance	---
Barings EM	Emerging Markets	Alert	Performance
ABS	Hedged Equity Hedge FoF	In Compliance	---
K2	Hedged Equity Hedge FoF	Alert	Organizational Issues
American Realty Advisors	Core Real Estate	In Compliance	---
Morgan Stanley	Core Real Estate	In Compliance	---
UBS	Core Real Estate	In Compliance	---
IFM	Core Infrastructure	In Compliance	---
J.P. Morgan	Core Infrastructure	In Compliance	---
Adams Street	Private Equity	In Compliance	---
Siguler Guff	U.S. Private Equity FoF	In Compliance	---

Investment Manager Evaluation Terminology

The following terminology has been developed by Marquette Associates to facilitate efficient communication among the Investment Manager, Investment Consultant, and the Plan Sponsor. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Trustees and/or the Investment Committee of the Plan.

In Compliance – The investment manager states it is acting in accordance with the Investment Policy Guidelines.

Alert – The investment manager is notified of a problem in performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities.

On Notice – The investment manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination.

Termination – The Trustees have decided to terminate the investment manager. The investment manager is notified and transition plans are in place.

Total Fund Composite

Market Value: \$1,749.9 Million and 100.0% of Fund

Ending September 30, 2012

	Asset Class	Market Value (\$)	3 Mo Net Cash Flows (\$)	% of Portfolio	Policy %	Policy Difference (\$)
Total Fund Composite		1,749,924,205	-38,764,892	100.0	100.0	0
Fixed Income Composite		463,367,300	-20,138,068	26.5	29.0	-44,110,702
J.P. Morgan	Core Fixed Income	334,005,099	-124,316	19.1		
Mellon Capital	Core Fixed Income	129,362,201	-20,013,753	7.4		
U.S. Equity Composite		428,034,248	-350,863	24.5	23.0	25,551,681
Boston Partners	Large-Cap Value	130,978,632	-62,934	7.5	7.0	8,483,938
Mellon Capital	Large-Cap Core	111,127,180	-10,847	6.4	6.0	6,131,728
Artisan Partners	Mid-Cap Growth	51,365,742	-99,795	2.9	2.5	7,617,637
Geneva Capital	Mid-Cap Growth	40,174,046	38,851,254	2.3	2.5	-3,574,059
AQR	Small-Cap Value	43,459,326	-95,228	2.5	2.5	-288,779
Fiduciary Management	Small-Cap Value	50,929,323	-82,059	2.9	2.5	7,181,218
International Equity Composite		330,820,466	-7,584,412	18.9	18.0	15,834,092
NTGI ACWI Ex-US	Non-U.S. All-Cap Core	88,532,673	90,000,000	5.1	6.0	-16,462,779
Barings	Non-U.S. Large-Cap Core	117,645,859	0	6.7	6.0	12,650,407
GMO Small-Cap	Non-U.S. Small-Cap Value	67,609,575	0	3.9	3.0	15,111,849
Barings EM	Emerging Markets	57,032,359	0	3.3	3.0	4,534,633
Hedged Equity Composite		182,619,187	0	10.4	10.0	7,626,767
ABS	Hedged Equity Hedge FoF	92,898,495	0	5.3	5.0	5,402,285
K2	Hedged Equity Hedge FoF	89,720,692	0	5.1	5.0	2,224,482
Real Estate Composite		125,282,670	-16,779,784	7.2	7.0	2,787,976
American Realty Advisors	Core Real Estate	32,270,008	-404,954	1.8		
Morgan Stanley	Core Real Estate	77,129,585	-16,180,264	4.4		
UBS	Core Real Estate	15,882,605	-156,427	0.9		
Infrastructure Composite		135,077,297	-1,672,167	7.7	7.0	12,582,602
IFM	Core Infrastructure	76,389,626	-617,367	4.4	3.5	15,142,279
J.P. Morgan	Core Infrastructure	58,687,671	-1,054,800	3.4	3.5	-2,559,676

Total Fund Composite

Market Value: \$1,749.9 Million and 100.0% of Fund

Ending September 30, 2012

	Asset Class	Market Value (\$)	3 Mo Net Cash Flows (\$)	% of Portfolio	Policy %	Policy Difference (\$)
Private Equity Composite		39,033,827	11,311,274	2.2	6.0	-65,961,625
Progress	U.S. Private Equity FoF	28,509	0	0.0		
Brinson 1998	U.S. Private Equity FoF	68,167	-247,002	0.0		
Brinson 1999	U.S. Private Equity FoF	328,435	-93,573	0.0		
Brinson 2000	U.S. Private Equity FoF	1,187,972	-175,670	0.1		
Brinson 2001	U.S. Private Equity FoF	2,260,718	-266,187	0.1		
Brinson 2002	U.S. Private Equity FoF	1,578,114	-130,404	0.1		
Brinson 2003	U.S. Private Equity FoF	1,273,686	-99,732	0.1		
Brinson 2004	U.S. Private Equity FoF	2,033,790	0	0.1		
Adams Street 2005	U.S. Private Equity FoF	7,420,834	-46,158	0.4		
Adams Street 2009	U.S. Private Equity FoF	10,957,602	474,000	0.6		
Adams Street 2012	Global Divers. Private Equity FoF	1,896,000	1,896,000	0.1		
Siguler Guff	U.S. Private Equity FoF	10,000,000	10,000,000	0.6		
Total Cash Equivalents		45,689,208	-3,550,872	2.6	0.0	45,689,208

Total Fund Composite

Annualized Performance (Gross of Fees)

Market Value: \$1,749.9 Million and 100.0% of Fund

Ending September 30, 2012

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund Composite	2.1%	4.2%	8.9%	13.7%	7.2%	8.1%	6.8%	2.3%	5.0%	8.4%
<i>Total Fund Benchmark</i>	1.5%	3.5%	7.8%	12.4%	7.1%	7.9%	6.3%	1.9%	4.6%	7.7%
Fixed Income Composite	0.2%	1.7%	4.4%	5.5%	5.3%	6.8%	8.7%	6.9%	6.5%	7.0%
<i>Barclays Aggregate</i>	0.1%	1.6%	4.0%	5.2%	5.2%	6.2%	7.3%	6.5%	5.9%	5.3%
U.S. Equity Composite	2.5%	6.0%	15.6%	30.3%	13.3%	13.0%	8.5%	2.3%	5.1%	9.3%
<i>Dow Jones U.S. Total Stock Market (Full-Cap)</i>	2.6%	6.1%	16.1%	30.0%	14.2%	13.3%	8.2%	1.5%	4.9%	8.8%
International Equity Composite	4.8%	7.6%	10.6%	13.4%	1.7%	3.1%	2.9%	-5.0%	-0.4%	4.5%
<i>MSCI ACWI ex USA Gross</i>	3.8%	7.5%	10.9%	15.0%	1.5%	3.6%	4.3%	-3.7%	3.8%	10.3%
Hedged Equity Composite	1.2%	3.4%	4.9%	7.4%	2.4%	--	--	--	--	--
<i>HFRX Equity Hedge Index</i>	0.8%	2.2%	3.4%	2.5%	-5.4%	-2.6%	-2.9%	-5.4%	-1.8%	0.7%
<i>Russell 3000</i>	2.6%	6.2%	16.1%	30.2%	14.4%	13.3%	8.0%	1.3%	4.6%	8.5%
<i>MSCI ACWI</i>	3.1%	6.8%	12.9%	21.0%	6.6%	7.2%	5.3%	-2.1%	3.6%	8.6%
Real Estate Composite	2.6%	2.6%	8.7%	12.2%	14.3%	14.4%	8.5%	1.2%	5.5%	11.5%
<i>Custom Real Estate Benchmark</i>	0.0%	0.0%	4.9%	7.7%	12.4%	13.3%	4.5%	-2.1%	3.5%	10.2%
<i>NFI</i>	0.0%	0.0%	5.5%	8.6%	13.3%	11.2%	-2.9%	-1.7%	3.5%	6.4%
Infrastructure Composite	2.5%	2.9%	6.6%	8.1%	8.2%	--	--	--	--	--
<i>CPI +4%</i>	0.3%	1.4%	5.1%	5.6%	6.8%	6.3%	5.3%	6.1%	6.2%	6.5%
Private Equity Composite	0.0%	0.0%	3.5%	7.0%	10.0%	11.4%	6.3%	4.0%	10.4%	11.4%
<i>Venture Economics All PE</i>	0.0%	0.0%	0.0%	4.6%	8.3%	10.8%	6.1%	3.4%	8.7%	11.1%

Investment Manager

Annualized Performance (Gross of Fees)

Market Value: \$1,749.9 Million and 100.0% of Fund

Ending September 30, 2012

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund Composite	2.1%	4.2%	8.9%	13.7%	7.2%	8.1%	6.8%	2.3%	5.0%	8.4%
<i>Total Fund Benchmark</i>	1.5%	3.5%	7.8%	12.4%	7.1%	7.9%	6.3%	1.9%	4.6%	7.7%
Fixed Income Composite	0.2%	1.7%	4.4%	5.5%	5.3%	6.8%	8.7%	6.9%	6.5%	7.0%
<i>Barclays Aggregate</i>	0.1%	1.6%	4.0%	5.2%	5.2%	6.2%	7.3%	6.5%	5.9%	5.3%
J.P. Morgan	0.2%	1.7%	4.5%	5.6%	5.3%	6.3%	7.9%	6.8%	--	--
<i>Barclays Aggregate</i>	0.1%	1.6%	4.0%	5.2%	5.2%	6.2%	7.3%	6.5%	5.9%	5.3%
Mellon Capital	0.2%	1.6%	4.1%	5.2%	5.2%	6.2%	7.2%	6.6%	6.0%	5.4%
<i>Barclays Aggregate</i>	0.1%	1.6%	4.0%	5.2%	5.2%	6.2%	7.3%	6.5%	5.9%	5.3%
U.S. Equity Composite	2.5%	6.0%	15.6%	30.3%	13.3%	13.0%	8.5%	2.3%	5.1%	9.3%
<i>Dow Jones U.S. Total Stock Market (Full-Cap)</i>	2.6%	6.1%	16.1%	30.0%	14.2%	13.3%	8.2%	1.5%	4.9%	8.8%
Boston Partners	3.0%	8.2%	19.5%	35.9%	15.7%	12.8%	8.4%	2.5%	6.1%	10.2%
<i>Russell 1000 Value</i>	3.2%	6.5%	15.7%	30.9%	13.3%	11.8%	5.7%	-0.9%	3.3%	8.2%
Mellon Capital	2.6%	6.4%	16.5%	30.2%	14.8%	13.2%	7.8%	1.1%	4.5%	8.0%
<i>S&P 500</i>	2.6%	6.4%	16.4%	30.2%	14.8%	13.2%	7.8%	1.1%	4.5%	8.0%
Artisan Partners	1.3%	6.1%	19.2%	26.5%	16.2%	18.5%	14.8%	6.3%	9.9%	13.0%
<i>Russell MidCap Growth</i>	2.0%	5.3%	13.9%	26.7%	13.0%	14.7%	10.7%	2.5%	5.7%	11.1%
Geneva Capital	1.8%	--	--	--	--	--	--	--	--	--
<i>Russell MidCap Growth</i>	2.0%	5.3%	13.9%	26.7%	13.0%	14.7%	10.7%	2.5%	5.7%	11.1%
AQR	2.8%	2.4%	9.4%	27.3%	8.5%	10.8%	5.2%	1.2%	--	--
<i>Russell 2000 Value</i>	3.6%	5.7%	14.4%	32.6%	11.7%	11.7%	5.1%	1.3%	3.7%	9.7%
Fiduciary Management	2.1%	4.7%	9.8%	28.7%	10.5%	--	--	--	--	--
<i>Russell 2000 Value</i>	3.6%	5.7%	14.4%	32.6%	11.7%	11.7%	5.1%	1.3%	3.7%	9.7%
International Equity Composite	4.8%	7.6%	10.6%	13.4%	1.7%	3.1%	2.9%	-5.0%	-0.4%	4.5%
<i>MSCI ACWI ex USA Gross</i>	3.8%	7.5%	10.9%	15.0%	1.5%	3.6%	4.3%	-3.7%	3.8%	10.3%
NTGI ACWI Ex-US	--	--	--	--	--	--	--	--	--	--
<i>MSCI ACWI ex USA Gross</i>	3.8%	7.5%	10.9%	15.0%	1.5%	3.6%	4.3%	-3.7%	3.8%	10.3%
Barings	3.6%	7.4%	11.0%	14.2%	2.9%	4.3%	3.5%	--	--	--
<i>MSCI EAFE</i>	3.0%	6.9%	10.1%	13.8%	1.5%	2.1%	2.4%	-5.2%	1.8%	8.2%
GMO Small-Cap	4.5%	6.8%	12.4%	13.4%	4.3%	4.4%	--	--	--	--
<i>MSCI EAFE Small Cap Gross</i>	4.7%	7.9%	13.6%	13.0%	3.5%	5.1%	7.7%	-2.6%	2.7%	11.6%
Barings EM	7.3%	8.2%	10.4%	13.5%	-3.6%	--	--	--	--	--
<i>MSCI Emerging Markets</i>	6.0%	7.7%	12.0%	16.9%	-1.0%	5.6%	8.8%	-1.3%	8.6%	17.0%

Investment Manager

Annualized Performance (Gross of Fees)

Market Value: \$1,749.9 Million and 100.0% of Fund

Ending September 30, 2012

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Hedged Equity Composite	1.2%	3.4%	4.9%	7.4%	2.4%	--	--	--	--	--
HFRX Equity Hedge Index	0.8%	2.2%	3.4%	2.5%	-5.4%	-2.6%	-2.9%	-5.4%	-1.8%	0.7%
Russell 3000	2.6%	6.2%	16.1%	30.2%	14.4%	13.3%	8.0%	1.3%	4.6%	8.5%
MSCI ACWI	3.1%	6.8%	12.9%	21.0%	6.6%	7.2%	5.3%	-2.1%	3.6%	8.6%
ABS	1.4%	3.6%	3.4%	5.2%	2.2%	--	--	--	--	--
HFRX Equity Hedge Index	0.8%	2.2%	3.4%	2.5%	-5.4%	-2.6%	-2.9%	-5.4%	-1.8%	0.7%
Russell 3000	2.6%	6.2%	16.1%	30.2%	14.4%	13.3%	8.0%	1.3%	4.6%	8.5%
MSCI ACWI	3.1%	6.8%	12.9%	21.0%	6.6%	7.2%	5.3%	-2.1%	3.6%	8.6%
K2	0.9%	3.3%	6.5%	9.7%	2.7%	--	--	--	--	--
HFRX Equity Hedge Index	0.8%	2.2%	3.4%	2.5%	-5.4%	-2.6%	-2.9%	-5.4%	-1.8%	0.7%
Russell 3000	2.6%	6.2%	16.1%	30.2%	14.4%	13.3%	8.0%	1.3%	4.6%	8.5%
MSCI ACWI	3.1%	6.8%	12.9%	21.0%	6.6%	7.2%	5.3%	-2.1%	3.6%	8.6%
Real Estate Composite	2.6%	2.6%	8.7%	12.2%	14.3%	14.4%	8.5%	1.2%	5.5%	11.5%
Custom Real Estate Benchmark	0.0%	0.0%	4.9%	7.7%	12.4%	13.3%	4.5%	-2.1%	3.5%	10.2%
NFI	0.0%	0.0%	5.5%	8.6%	13.3%	11.2%	-2.9%	-1.7%	3.5%	6.4%
American Realty Advisors	0.0%	0.0%	5.8%	8.8%	--	--	--	--	--	--
NFI	0.0%	0.0%	5.5%	8.6%	13.3%	11.2%	-2.9%	-1.7%	3.5%	6.4%
Morgan Stanley	3.5%	3.5%	9.8%	13.4%	16.6%	--	--	--	--	--
NFI	0.0%	0.0%	5.5%	8.6%	13.3%	11.2%	-2.9%	-1.7%	3.5%	6.4%
UBS	2.5%	2.5%	--	--	--	--	--	--	--	--
NFI	0.0%	0.0%	5.5%	8.6%	13.3%	11.2%	-2.9%	-1.7%	3.5%	6.4%
Infrastructure Composite	2.5%	2.9%	6.6%	8.1%	8.2%	--	--	--	--	--
CPI +4%	0.3%	1.4%	5.1%	5.6%	6.8%	6.3%	5.3%	6.1%	6.2%	6.5%
IFM	4.5%	5.2%	9.7%	10.0%	9.9%	--	--	--	--	--
CPI +4%	0.3%	1.4%	5.1%	5.6%	6.8%	6.3%	5.3%	6.1%	6.2%	6.5%
J.P. Morgan	0.0%	0.0%	2.9%	5.7%	--	--	--	--	--	--
CPI +4%	0.3%	1.4%	5.1%	5.6%	6.8%	6.3%	5.3%	6.1%	6.2%	6.5%

Total Fund Composite

Fee Schedule

Market Value: \$1,749.9 Million and 100.0% of Fund

Asset Class	Investment Manager	Fee Schedule	Expense Ratio & Estimated Annual Fee ¹	Industry Average ²
Core Fixed Income	J.P. Morgan	0.20% on the first \$100 million 0.15% on the Balance	0.16% \$551,008	0.24%
Core Fixed Income	Mellon Capital	0.04% on the first \$200 million 0.02% on the Balance	0.04% \$51,745	0.08%
Large-Cap Value	Boston Partners	0.40% on the first \$15 million 0.30% on the next \$25 million 0.20% on the next \$25 million 0.15% on the next \$35 million 0.10% on the Balance	0.20% \$268,479	0.51%
Large-Cap Core	Mellon Capital	0.04% on the first \$200 million 0.02% on the Balance	0.04% \$44,451	0.09%
Mid-Cap Growth	Artisan Partners	0.80% on the first \$50 million 0.60% on the next \$50 million 0.50% on the Balance	0.79% \$408,194	0.68%
Mid-Cap Growth	Geneva Capital	0.65% on the Balance	0.65% \$261,131	0.78%
Small-Cap Value	AQR	1.00% on the first \$25 million 0.85% on the next \$50 million 0.75% on the Balance	0.94% \$406,904	0.95%
Small-Cap Value	Fiduciary Management	0.70% on the first \$10 million 0.65% on the next \$40 million 0.60% on the next \$25 million 0.50% on the Balance	0.66% \$335,576	0.83%
Non-U.S. All-Cap Core	NTGI ACWI Ex-US	0.08% on the Balance	0.08% \$70,826	0.75%
Non-U.S. Large-Cap Core	Barings	0.75% on the Balance	0.75% \$882,344	0.68%
Non-U.S. Small-Cap Value	GMO Small-Cap	0.75% on the Balance	0.75% \$507,072	1.16%
Emerging Markets	Barings EM	0.75% on the Balance	0.75% \$427,743	0.92%
Hedged Equity Hedge FoF	ABS	0.85% on the Balance *redemptions quarterly with 45 days notice	0.85% \$789,637	1.37%
Hedged Equity Hedge FoF	K2	0.90% on the Balance *redemptions quarterly with 91 days notice	0.90% \$807,486	1.37%

Total Fund Composite

Fee Schedule

Market Value: \$1,749.9 Million and 100.0% of Fund

Asset Class	Investment Manager	Fee Schedule	Expense Ratio & Estimated Annual Fee ¹	Industry Average ²
Core Real Estate	American Realty Advisors	0.95% on the Balance	0.95% \$306,565	1.03%
Core Real Estate	Morgan Stanley	0.90% on the Balance	0.90% \$694,166	1.03%
Core Real Estate	UBS	0.955% on the first \$10 million 0.825% on the next \$15 million 0.805% on the next \$25 million 0.79% on the next \$50 million 0.67% on the next \$150 million 0.60% on the Balance	0.91% \$144,031	1.03%
Core Infrastructure	IFM	1.25% on the Balance Performance Fee: 20% of return above 8% on a rolling three year basis	1.25% \$954,870	1.80%
Core Infrastructure	J.P. Morgan	1.50% on the first \$50 million 1.55% on the Balance Performance Fee: 15% with 7% Hurdle (six year soft lock, effective lock 4.5 years)	1.51% \$884,659	1.80%
Private Equity	Adams Street	0.67% on the first \$50 million 0.60% on the Balance 10% carry on secondaries and co-invest (Effective Rate Over 15 Yr Term)	0.67% \$194,527	1.11%
U.S. Private Equity FoF	Siguler Guff	0.69% on commitment	2.76% \$276,000	4.44%
Cash Overlay	BNY Beta Management	0.025% on the Balance	0.03% \$11,422	0.20%
Total Investment Management Fees			0.53% \$9,278,837	0.74%
Custodian	BNY Mellon	\$50,000 Flat Annual Fee	\$50,000	N/A
Total Fund			0.53% \$9,328,837	

¹ Expense Ratio & Estimated Annual Fee are Based on Market Value at Month End.

² Source: 2010 Marquette Associates Investment Management Fee Study.